



CONFIDENTIAL/US OFFICIALS ONLY

25X1A

- 2 -

4. Fruit company employees working in San Pedro Sula area are for the greater part anti-Nationalist. Liberal Party ideals appeal to them because of promises of reform and because the Party is in opposition to the Nationalists. They are sympathetic towards agrarian reform movement in Guatemala though wary of the restlessness that prevails there. Workers are not satisfied that all is well in Guatemala but are not politically educated enough to know why.
5. Large land holdings exist in Honduras owned by absentee landlords who live in Tegucigalpa and abroad. Tenants are not ordinarily obliged to pay rent if products raised are sufficient only for subsistence, and they are responsible only for repairing fences. In practice, tenants tend to live at the subsistence level. Such a condition holds a potential for exploitation by agitators identical to that in Guatemala.
6. A communist cell was dispersed in San Pedro Sula in [REDACTED]. This cell was composed of a group residing in a rented house who were in the process of exploiting fruit company workers. They had a supply of printed and pictorial matter, all of which was confiscated by the police. Members of the cell were tipped off to the raid on their quarters by advance publicity and police ineptness. All escaped across the border into Guatemala by way of Rio Chamelton Valley near Marasico (15°20'N, 88°33'W). None were identified as to nationality. Though all were Central Americans.
7. Primary school system is resulting in rising literacy of natives. Magazines and papers sell well in San Pedro Sula. Periodicals include Mexican Tiempo, Argentine Billiken - children's magazine, Argentine Hacienda - agricultural, and numerous US magazines. The US National Geographic is screened carefully either in US or Tegucigalpa by officials to determine if maps are included that locate Honduras-Nicaragua border unfavorable to the former.

25X1A

- end -

LIBRARY SUBMITTAL AREA CODES

172	173
174	175
176	177
178	179

CONFIDENTIAL/US OFFICIALS ONLY